**TERMS OF REFERENCE (ToR)**

**FOR**

**SHIRE VALLEY TRANSFORMATION PROGRAM**

**TECHNICAL AND INVESTMENT COORDINATION**

**CONSULTING SERVICE**

**OCTOBER 19, 2023**

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| ABBREVIATIONS AND ACRONYMS | |
| AfDB | African Development Bank |
| BoD | Board of Directors |
| ESMP | Environmental and Social Management Plan |
| GEF | Global Environment Facility |
| MEPA | Malawi Environmental Protection Authority |
| GoM | Government of Malawi |
| SDSP | SOCFE Development Service Provider |
| SOCFE | Smallholder Owned Commercial Farm Enterprise |
| SVTP | Shire Valley Transformation Program |
| ToR | Terms of Reference |
| WB | World Bank |

# **1.0 INTRODUCTION**

## **1.1 The Shire Valley Transformation Programme (SVTP)**

The SVTP is a 14-year irrigation program (2018-2031), funded by the World Bank (WB), African Development Bank (AfDB), Global Environment Facility, and GoM. It is structured around three coordinated pillars:

1. Providing reliable, professionally managed, and sustainably financed irrigation service to a large number of irrigators in a phased construction of the Shire Valley Irrigation Scheme and providing multiple services, including water supply.
2. Supporting farmer organizations within a comprehensive land use plan, supporting land tenure strengthening and consolidation, as well as natural resources management; and
3. Establishing Smallholder-Owned Commercial Farm Enterprises (SOCFEs) transitioning into commercial agriculture from subsistence farming and integrating them into commercial value chains.

These pillars contribute to the overarching goals of the program of increasing agricultural productivity and commercialization for targeted households in the Shire Valley, and to improve the sustainable management and utilization of natural resources.

The primary beneficiaries of the SVTP are smallholder farmers in the targeted districts of Chikwawa and Nsanje.

Under Pillar C, supported by Component 3 of the SVTP (Agriculture Development and Commercialization) smallholder farmers who have consolidated their land parcels and registered them as customary estates have decided to farm commercially by registering as business entities in the form of Cooperatives. Therefore, formalized farmer groups are being identified as smallholder Owned Commercial Farm Enterprises (SOCFEs) and will become clients of the irrigation services and partner with service providers and off-takers in commercial agricultural production. The SVTP will support the required investment in 13 Smallholder Owned Commercial Farm Enterprises (SOCFEs) during 2024, and a further 30 or more SOCFEs in 2025-28.

## **COMPONENT 3. Agriculture Development and Commercialization**

### Current status

**Component 3 is at a critical stage and needs support at the following levels:** (i)  “The need to identify irrigation techniques which are compatible with the existing terrain, the crop choices being made and within a realistic budget per hectare; (ii) need to define the irrigable area in each of the first 9 business plans (to retrofit the secondary canal design); (iii) the matching grant manual including finance mechanisms needs to be finalized and approved so that funds transfer can start in certain SOCFEs in early 2024 and they can start recruiting farm managers and (iv) there is need of a TA for investment coordination with agricultural, irrigation and FM capabilities to support all the financing process to the SOCFEs. This is imperative and needs to be in place by March 2024 so that when water arrives the blocks, these are ready for agricultural development.

**The SOCFE Development Service Providers (SDSPs), working closely with SOCFE members and Cooperative executives, have now produced draft business plans for five SOCFEs**. Production of business plans for another four SOCFEs are in progress. The completed plans are generally feasible and realistic with respect to crop and enterprise choices, marketing arrangements, crop agronomy, SOCFE management and overall financial analysis. However, all have proposed very high costs for on-farm investments of about USD 19,800per hectare exceeding the expected SVTP grant that was put at USD 14,900 per hectare, with an average amount for matching contributions (largely from SOCFE borrowing) of almost USD 4,900 per hectare. These amounts are far too high to be considered for SVTP financing and support, and would vastly exceed project provisions for this investment. In addition, these costs would add considerable financing stress to SOCFEs to be required to find such large matching contributions, and would, if implemented, commit SOCFEs to higher water charges. The excessive costs proposed are mostly attributable to decisions to propose the use of furrow irrigation for most of the command areas. This is very expensive to implement because of the substantial landscape modifications required to get the gently undulating lands sufficiently level to allow for this type of irrigation. Some proposals also show excessive costs for non-irrigation fixed and moveable assets. It has therefore been agreed that the SDSPs will revisit the draft business plans, and apply technological solutions such as the use of cheaper pressurized irrigation methods to bring proposed investment costs within an acceptable range. Cost guidance on the per hectare cost for irrigation equipment is set at USD 4,000 per hectare. Within this, there is a need to define the irrigable area in each of the first 9 business plans, to retrofit the secondary canal design. It is now expected that the first five SOCFE business plans will be re-submitted by 30th November, and the other four now in progress to be submitted by 31st December 2023.

**Justification for Technical Assistance (TA) for Technical Investment Coordination (TIC) Support**. The tasks associated with the investment in SOCFE blocks to transform them into modern and profitable irrigation farms are complex and require expert support to be successfully achieved. There is need for a TIC to be appointed to enable successful Technical and Investment Coordination at the SOCFE level. Such a TA would need to provide expert guidance for agricultural technology and markets, irrigation techniques, civil engineering requirements, procurement of investment items, organization development (internal SOCFE management, management of commercial relationships) and Financial Management imperatives at SOCFE level. These capabilities would be targeted to support all the investment financing and implementation processes for the SOCFEs.

# **2.0 OBJECTIVES AND SCOPE OF WORK FOR RECRUITING THE TECHNICAL AND INVESTMENT COORDINATION SERVICE PROVIDER**

## **2.1 Overall Objective**

The overall objective of the assignment is:

“To enable SOCFEs to successfully invest in their farming enterprises with the use of SVTP grants and their own matching funds.”

The investment will consist of:

* Irrigation systems and equipment;
* Other productive fixed assets on the farms including roads and buildings;
* Moveable assets required for successful farm operations and management;
* Initial operation and competent technical and financial management of the farms to achieve profitable crop production.

## **2.2 Specific Objectives and Outcomes**

Specific Objectives are to enable successful SOCFE investment that will demonstrate the following:

* All farm investment items installed according to specifications, agreed standards and timelines;
* Fully operational farms developed according to their agreed business plans and budgets;
* Full compliance by SOCFEs for financial management standards and reporting requirements of their SVTP grant agreements and their owners’ expectations;
* Establishment of viable off-taker linkages for all produce grown on SOCFEs, with trusted and transparent marketing arrangements in place.

## **2.3 Scope of Work for the TICS**

The SOCFEs are currently supported by SOCFE Development Service Providers (SDSPs). There are currently three SDSPs working with the first nine SOCFEs, assisting and enabling them to prepare realistic and feasible Business Plans for their on-farm investments and commercial operations. The TICS SP would work closely with the SDSPs and with the SOCFEs they are supporting. The SOCFEs are also expected to appoint experienced Professional Managers to supervise the on-farm investment and subsequently to the manage the commercial farming activities. The TICS SP would also collaborate closely with these managers, and through them, to the leadership of each SOCFE.

The TIC will work closely with the SDSPs and SOCFEs to ensure the following steps:

Project Planning – Technical and Procurement

1. Finalising the business plans and making sure they are practically feasible and realistic (agronomically; technically; financially)
2. Preparing tender documents and commencing the procurement process – this requires a very specialized skill set – combining technical and procurement.
3. Launching the tender process for supply of land preparation; irrigation system; infrastructure; moveable assets.
4. Providing Engineering Procurement and Construction Management (EPCM) support to the SOCFE’s to monitor the implementation of the irrigation development plans.

Administrative and financial Support

1. Assisting SOCFE’s in establishing a basic staff structure that will be capable fo running the first years crop….. and then build up on this in the subsequent years .
2. Assisting SOCFE’s in developing basic administrative and financial management systems that are suited and applicable to the development/construction period as well as the operational phase.

Investment and Marketing Support

1. Assisting SOCFE’s in accessing financing for their own contribution components.
2. Assisting SOCFE’s in securing market offtake agreements.

Practical Agricultural Production Support

1. Supporting SOCFE farm management team in establishing all agricultural production systems – from land preparation-planting- fertilizing-herbiciding- irrigating-pest controls-harvesting-storage.
2. Supporting SOCFE’s in achieving the agricultural production plans (area (ha’s) planted) and tonnes harvested.

**3.0 KEY AREAS OF EXPERTISE**

**3.1 THE FIRM**

To support this investment, the SVTP will recruit an experienced Service Provider (SP) to deliver the required **Technical and Investment Coordination Services (TICS).** The SP would need to be a firm registered in Africa, preferably one from the East/Southern African region. It would need to demonstrate at least 10 years’ experience of supervising investment in and operation of commercial large-scale (at least 5,000 hectares) irrigated farms in East and Southern Africa. A key requirement would be that the firm had demonstrated that the investments it had supervised were technically and financially viable after the investment phase. It is also expected that the firm would have access to technically relevant back-up staff, such as agronomists, irrigation experts, marketing specialists and management advisors.

The TICS would report to the SVTP PMT.

**3.2 INDIVIDUAL EXPERTS IN THIS CONSULTING SERVICE**

**A six person team would be required.** This team would be:

1. Agricultural Investment Manager (AIM): Full time for three years.
2. Agricultural Enterprises Financial Manager (AEFM): Full time for three years.
3. Irrigation Engineer (IE): Nine months total for the three years.
4. Civil Engineer (CE): Six months total for the three years.
5. Agricultural Procurement Specialist (APS): Full time for the first year then a further six months for the next two years.
6. Organizational Development Expert (ODE): Nine months total for the three years.

**Individual Roles and Responsibilities of the TICS SP Team.**

**Agricultural Investment Manager (AIM)**

The AIM will be the team leader of the TICS SP team. The AIM will work closely and collaboratively with SDSPs and with SOCFE Cooperative Managers and Cooperative Leaders.

Specific Tasks/Roles:

Scrutinize the SOCFE Business Plans to ensure these reflect the technical, financial and social requirements for investment. Advise SDSPs and SOCFEs accordingly.

Provide expert advice on the overall investment package proposed for each SOCFE.

Verify that proposed investments are soundly based technically and financially, and in complete compliance with the accepted SOCFE business plan.

With the input of the Irrigation Engineer, provide information on available irrigation system options for installation on SOCFEs, and ensure that all such options are carefully considered and evaluated by SDSPs/SOCFEs.

With the input of the Civil Engineer, provide information of appropriate designs and construction methods for farm buildings and other fixed assets (especially farm roads), and ensure purchases are cost effective and compliant with agreed business plans.

Scrutinize proposals for purchase of Moveable assets for each farm, as presented in the business plan. Ensure all options for such requirements are fully identified and analyzed, including options for leasing/rental/hiring of farm equipment. Provide advice on services from reputable suppliers.

Inspect all agronomic and production related proposals in business plans, ensuring that they are based on sound agronomic principles and realistic production levels. Once production commences, provide advice and direction as required, especially to new SOCFE Cooperative Managers. When necessary, identify specialist service providers (Soil analysis, crop research) to assist with resolution of emerging problems.

Provide support to the SOCFEs for the conclusion of the required Water Purchase Agreement with the private Operator of the main irrigation infrastructure once the operator is appointed.

Inspect proposals for the engagement and relationship between SOCFEs and private commercial produce Off-takers, ensuring that such arrangements are based on mutual trust and communication. In particular, ensure that pricing arrangements for produce are fairly and transparently derived. He/she will provide advice on alternative production and off-taker arrangements that may become available.

Financing for the matching portion of the investment is a major requirement. It is expected that the AIM, in conjunction with the AEFM, would assist SOCFEs in gaining access to the necessary finance, wherever possible from concessional “patient capital” sources.

SOCFE Staffing would be a matter for advice and communication between the AIM and SOCFE Cooperative Managers and Board Members. The AIM would provide advice as required on the skills, functions and communication requirements for all SOCFE senior staff.

Effective SOCFE Governance and Communication Processes are vital to ensure that there is trust between cooperative managers, board members and cooperative members. The AIM would provide advice to strengthen such functions.

**Financial Manager (FM):**

The FM will work closely and collaboratively with SDSPs and with SOCFE Cooperative Managers and Cooperative Leaders.

Specific Tasks/Roles:

The central role of the FM will be to guide and strengthen the ability of SOCFEs staff to perform all requirement financial management functions to enable successful commercial farming operations.

Initially, this will involve the close scrutiny of business plans to ensure they are consistent with matching grant guidelines as well as with prudent financial projections.

The AEFM will assist SOCFEs to comply with matching grant operational and reporting requirements, as well as with those required by co-financiers.

Ensure that financial management of procurement is in line with prudent financial procedures, and that reporting is as required.

Ensure that SOCFE financial management personnel and systems are reflective of members requirements, and that reporting is transparently accomplished.

Specifically, to assess the dividend calculation and payment procedures for each SOCFE to ensure financial prudence and transparency.

Scrutinize, financial arrangements between off-takers and farm service/inputs providers and SOCFEs to ensure equity and transparency.

**Irrigation Engineer (IE):**

The IE will collaborate closely with the AIM, as well as with SDSPs and SOCFEs.

Specific Tasks/Roles: Assist SDSPs and SOCFEs with the following.

Scrutinize plans for irrigation development for each SOCFE within the business plans prior to them being forwarded to the IAP and PMT for grant access. Ensure that appropriate forms of irrigation, area irrigable and safeguards are properly analysed, as well as cost efficient forms of investment are proposed.

Check that specifications offered for irrigation equipment and installation are compliant with requirements and with agreed business plans for financing.

Inspect completed irrigation investments to ensure that installation is accomplished according to specifications.

Provide advice to SDSPs and SOCFE cooperative managers on procedures for optimal irrigation system operation.

Provide SDSPs with an evaluation of the performance of installed irrigation systems to assist with ongoing designs for subsequent SOCFEs investment.

**Civil Engineer (CE):**

The CE will collaborate closely with the AIM, as well as with SDSPs and SOCFEs

Specific Tasks/Roles: Assist SDSPs and SOCFEs with the following.

Scrutinize plans for fixed asset (buildings, roads, power lines) development for each SOCFE within the business plans prior to them being forwarded to the IAP and PMT for grant access. Ensure that appropriate and cost efficient types of investment are proposed.

Check that specifications offered for fixed asset installation are compliant with requirements and with agreed business plans for financing.

Inspect completed fixed asset investments to ensure that installation is accomplished according to specifications.

Provide SDSPs with an evaluation of the performance of installed fixed assets to assist with ongoing designs for subsequent SOCFEs investment.

**Procurement Specialist (APS)**

The PS would ensure that all procurement made for/by SOCFEs with the financing of the grants would be fully compliant with the approved Matching Grant Manual.

A checklist would be prepared and provided to SDSPs and SOCFEs defining compliance requirements for the matching grants, and for ensuring achievable and transparent tendering processes, especially for larger value procurement.

Support would also be provided to enable SOCFEs to secure the best possible “value for money”. This would involve inspection of draft business plans as well as proposed supply agreements.

Prepare procurement plans, bidding documents and ensure they are aligned to the PIM or PFM/WB guidelines

Assist in drafting contracts for suppliers/bidders and making sure that all necessary procurement guidelines are followed (Checking for compliance of specifications, signing of goods receipt notices etc)

The APS would ensure that the claims and proposals made by suppliers are accurate, and that implementation is made according to purchasing agreements.

There would be routine reviews of procurement implementation progress, with problems identified and modifications to procedures, including in the Matching Grant Manual, to be proposed.

**Organizational Development Expert (ODE)**

The ODE would focus on developing a trusted and successful relationship between SOCFEs and their Cooperative Manager.

Initially, the ODE would scrutinize the credentials of applicants for the role of Cooperative Manager for each SOCFE, and advise the SDSP and the SOCFE of the suitability of the applicants.

The proposed Roles and Responsibilities of the Managers and the SOCFE board would also be scrutinized, and advice provided to the SDSPs and SOCFEs on the applicability of the proposed arrangement.

The developing and ongoing relationships between Cooperative Managers and SOCFE boards and other elected officials would be examined periodically, with specific recommendations for changes made as required.

Specifically, the ODE would need to ensure that lines of communication and provision of information from Managers, to SOCFEs and then on to the members were being made in a factual and timely manner.

The ODE will also have a role to advise the SDSPs and SOCFEs on their relationships with the local government authorities, traditional leader, business engagement and with the operator for provision of bulk water supplies.

**Qualifications and Experience of Team Members.**

Agricultural Investment Manager (AIM).

The AIM would have tertiary qualifications in agriculture, agricultural economics, agribusiness or related discipline. While a higher degree would be preferred, excellent and relevant experience and work record of the AIM would be the most important qualification.

At least ten years’ experience in managing large-scale commercial irrigated agricultural enterprises, with a substantial component of investment in irrigation facilities and related fixed and moveable assets.

Substantive knowledge of and experience with irrigated agricultural production systems.

Substantive knowledge of and experience with commercial produce off-takers and suppliers or farm services and inputs.

Experience in regional and international trading of agricultural products, combined with knowledge of required standards and certification for successful trade.

Advanced understanding of commercial agricultural management techniques, including reporting.

Demonstrable excellent verbal and written communication skills.

Financial Manager (FM).

The FM would have tertiary qualifications in accountancy, financial management or related discipline.

At least five years’ experience of providing financial management and reporting services to commercial agricultural enterprises.

Substantive knowledge of financial management protocols and procedures for commercial investment in agriculture.

It would be an advantage to have knowledge of financial procedures used in Government and Donor funded investments in agricultural industries.

It would be an advantage to have knowledge of financial systems and reporting requirements within rural cooperatives.

Irrigation Engineer (IE):

The IE would have tertiary qualifications in irrigation/agricultural engineering or related discipline.

At least five years professional experience in the design of modern irrigation installations, especially including advanced pressurized irrigation systems.

Demonstrable knowledge of crop water requirements under irrigation.

Knowledge of needs for effective drainage, salinity management and control of erosion risk under irrigated agriculture.

Civil Engineer (CE):

The CE would have tertiary qualifications in civil engineering or related discipline.

At least five years of professional experience in the design of fixed infrastructure in rural locations.

Demonstrable knowledge of maintenance and upkeep requirements for rural/farm-based roads and buildings.

Procurement Specialist (APS)

The PS would have tertiary qualifications in procurement, engineering, finance, business management, accountancy or related discipline.

Substantial demonstrable knowledge of public sector procurement requirements, especially those supported by international development partners.

At least five years’ experience of working in public sector and private sector procurement roles.

Experience in procurement within the agricultural sector would be an advantage.

Organizational Development Expert (ODE)

The ODE would have tertiary qualifications with an emphasis on socio-economics, agricultural extension or similar disciplines.

At least five years’ experience in advising or managing institutional development systems in Africa.

Substantial knowledge of the operation of rural cooperatives, as well as the inter-face between rural societies and formal organizations, such a cooperatives, companies, local government and central government agencies.

Experience in providing training to nascent rural organizations.

**4.0 KEY DELIVERABLES**

All of the deliverables will be achieved through close cooperation with SOCFEs and SDSPs.

The reports to SDSPs/SOCFEs on all aspects of analysis and interventions, particularly will report on :

1. Irrigated area in each SOCFE;
2. Cultivated area (planted) by each of the SOCFE;
3. Agricultural product by each SOCFE; and
4. Verified and signed market agreements by each SOCFE.

Details of Matching Grants approved. Details provided to the SVTP PMT on a quarterly basis.

Matching Grant Disbursement. The deliverable is that all approved matching grants are in fact successfully disbursed to SOCFEs within the agreed time-frame.

SOCFE Financial Management. The SOCFEs should have professionally accurate financial management systems. They should be able to produce monthly, quarterly and annual financial statements. A successful annual audit for each operational SOCFE is a key deliverable.

SOCFEs Internal Management. Coherent, accurate, timely and transparent management systems for SOCFEs are in place. An Annual General Meeting report/minutes demonstrating effective relationships between elected officials, members and the Cooperative Manager is the key deliverable.

Overall deliverables are the successful formation of viable commercially oriented SOCFEs using sound techniques and growing financially viable crops, and delivering substantial dividends to the SOCFE members.

**5.0 TIME FRAME**

The firm will be recruited for 3 years with a possibility of contract extension based on performance. It is expected that the contract **will run from 1st April 2024 up to 30th March 2027.**

**6.0  REPORTING  REQUIREMENTS**

The firm shall produce an inception report within one month of engagement, showing its’ proposed work schedule and understanding of the assignment.

The firm shall be required to produce a comprehensive annual report, as well as at the end of the contract. These reports will provide details of activities and outcomes specifically for each team member, as well as a comprehensive assessment of outcomes focusing on:

1. Irrigated area in each SOCFE;
2. Cultivated area (planted) by each of the SOCFE;
3. Agricultural product by each SOCFE; and
4. Verified and signed market agreements by each SOCFE.

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It will produce ad hoc/activity reports for each discrete intervention.

It shall also produce manuals and check lists for use by SDSPs and SOCFEs in the processes of establishing the commercial farms.

**7.0 LOCATION OF THE FIRM**

The full-time staff would be required to be based in Chikwawa. The part-time staff would split their time between on-site and remote work.